

LATIN AMERICAN INSTITUTE FOR
ECONOMIC AND SOCIAL PLANNING
Santiago de Chile
July, 1969

PROGRESS REPORT (OSFO/CM/3)

(January-June 1969)

I. TRAINING PROGRAMME

1. Basic Course

The Basic Planning Course began on 3 March with thirty-four participants from fifteen countries: one from Argentina, two from Bolivia, four from Brazil, eight from Chile, one from Costa Rica, two from Cuba, two from Ecuador, two from El Salvador, one from Guatemala, two from Honduras, four from Mexico, one from Paraguay, two from Peru, one from Uruguay and one from Venezuela. During the common training phase, which will run until August, the following subjects have been covered: statistics, economic analysis, social accounting, economic development, sociology, integration and international economy. Work has also begun on planning and economic policy.

2. Reorientation of the Basic Course

Since last year, in response to suggestions made by the Governing Council of the Institute, a series of internal discussions have been held to work out guidelines for reorienting the Training Programme in order to ensure that it keeps pace with the changing realities of Latin America and responds more suitably to the needs of the countries and Governments of the region. Initially, these discussions focused on the Basic Course, from which all the other work of the Training Programme stems, and the main guidelines developed can be found in "Bases de la reorientación del Programa de Capacitación" (INST/L.14) and "Training Programme of the Latin American Institute for Economic and Social Planning" (INST/62), which are attached to the present report.

3. Intensive courses

As is customary, intensive courses have been held in co-operation with Latin American Governments at universities and public institutions.

Lima (Peru): A course is currently under way which began on 3 March and will end on 24 October, attended by fifty professionals. The course, held in co-operation with the Escuela Superior de Administración Pública de Perú, includes a common training phase, which will run until 29 September, and special subjects for the remainder of the period. To date, the following subjects have been covered: mathematics, statistics, economic analysis, economic development, sociology, social accounting, planning, regional planning and methodology of research.

The Institute's contribution basically comprised the actual organization of the course, the recruitment of international teaching staff and the provision of teaching materials.

Vitoria (Brazil): A course is currently under way which began on 28 April and will end on 1 August. The course follows the traditional pattern of the courses the Institute has organized for some years, and is being attended by forty-one professionals. To date, the following subjects have been covered: statistics, economic analysis, sociology, the Brazilian economy and social accounting, and work has begun on economic development and planning.

As with the Lima course, the Institute's contribution has basically comprised the recruitment of international teaching staff and the provision of teaching materials.

Rio de Janeiro (Brazil): A course on housing planning is currently under way, in co-operation with the Ministry of Planning and ECLA/Institute Office. The course is scheduled to run from 5 March to 31 July and is being attended by 31 officials. The subjects taught include statistics, economic analysis, economic development, economic development of Latin America, sociology, demography, housing and development, the Brazilian economy, economic planning and policy, and town planning.

The Institute again helped by recruiting international teaching staff and supplying teaching materials.

Monterrey (Mexico): A course of the traditional type began recently on 2 July and will run to 29 August. A total of forty professionals are attending the course and so far the following subjects have been covered: mathematics, statistics, economic analysis, economic development and sociology.

Panama City (Panama): A course on annual operational plans was held from 12 May to 28 June, designed for participants from the Central American region. The course was in two parts. The first part covered a number of basic subjects, while the second divided participants into two groups to examine the characteristics, problems and instruments of short-term policy and the techniques of formulating and evaluating specific investment projects. The first part of the course covered the following subjects: economic

statistics, economic analysis, development, regional integration and economic planning. During the second part, one of the groups considered statistical data for planning and analysis of economic trends, annual operational plans, exploratory plans and the national economic budget, the use of models in short-term planning, budgetary programming of the public sector, the budget and monetary policy, and the budget and external policy. The other group considered specific development projects: industrial projects and public work projects.

The course was organized in co-operation with the ECLA Mexico Office and was attended by fifty-four professionals. The Institute also provided teaching materials for the first part of the course and for the group considering annual operational plans.

Santa Cruz de la Sierra (Bolivia): A course of the traditional type began on 19 May, attended by thirty-seven Bolivian professionals. The course is being held in co-operation with the Bolivian Government and the Universidad de Santa Cruz, and will run until 1 August. So far the following subjects have been covered: mathematics, statistics, economic analysis, social accounting and economic policy, and work has begun on economic development and planning.

II. ADVISORY SERVICES RELATING TO PLANNING

1. Advisory services relating to over-all planning

In March, a mission was sent to the state of Minas Gerais in Brazil under a technical assistance agreement between the Institute and the state government. This first mission made a preliminary analysis of all the data available, formulated, over-all and sectoral diagnoses, explored the alternative possibilities of development options, and prepared a programme of work for the various sectors which will serve as a basis for the work to be undertaken by the second mission which is scheduled for October and November. At present, the report of the first mission is being revised and expanded by officials of the Institute's Advisory Services Division and by national counterpart personnel, and the revised version will be discussed at an internal seminar in Santiago attended by principal officials of the State Development Council.

2. Advisory services relating to development strategy formulation

In co-operation with the Venezuelan authorities, an advisory programme for Venezuela is being worked out to continue the advisory services provided by the Institute in 1968. In July this year it is planned to hold a meeting of Government and Institute officials to put the finishing touches to the programme.

3. Advisory services relating to medium-term planning

In May, a programme begun in early 1965 providing advisory services to the Ministry of Agriculture of Chile on the formulation, implementation and technical direction of the Agricultural Development Plan 1965-1980 came to an end. The Plan -- as the Minister of Agriculture has himself stated -- constitutes the most complete exercise in planning for the agricultural sector ever undertaken in Chile. Noteworthy among its main features is the fact that the Plan is one of the sectoral plans of Chile's National Economic and Social Development Programme, i.e., it is an integral part of an over-all scheme. The Plan mainly focuses on the economic and social aspects of agriculture and is indicative with respect to producers and imperative with respect to agencies in the agricultural sector. Its targets have been set on a regional basis, which will make it possible to define clearly the responsibilities of each of the zones into which the country has been divided

for fulfilling the targets and will assist in the preparation of operational plans for each zone. It also identifies 240 investment projects for the infrastructure to promote marketing and technological progress.

A mission visited Peru to co-operate in the formulation of the methodological bases for a medium-term plan as part of the over-all strategy mapped out in 1968. As a result of the mission, a document entitled "Orientaciones metodológicas para la preparación de un plan a mediano plazo en el Perú" was prepared and submitted to Government authorities.

4. Advisory services relating to short-term planning

A mission comprising experts in over-all programming, economic budgeting, monetary and financial budgeting and public sector budgeting visited Honduras to work with the Higher Economic Planning Council, the Ministry of Economy and Finance, and the Central Bank in designing a methodology for the formulation of annual operational plans. As a result of the mission, a report was prepared outlining a strategy for the establishment of an annual planning system in stages ending by 1971 when the medium-term plan is formulated in conjunction with the first annual plan for 1972. The Government of Honduras has indicated that it would like to conclude a technical assistance agreement with the Institute for this purpose. Initially, an expert on budget programming would be recruited and the Institute would send missions for short periods of time to discuss methodological aspects and to evaluate progress in the establishment of annual plans and the formulation of the medium-term plan.

5. Advisory services relating to operational planning

To initiate the work programme established in the agreement on advisory services concluded with the Development Corporation (CORFO) of Chile relating to co-operation in the establishment of a programme budgeting system, an analysis was made of the organization and functions of CORFO and of its subsidiary and/or associated organs. As a result of this analysis, a preliminary handbook was prepared on the functions of CORFO, its regional institutes and its agencies, together with a detailed organizational chart of the central office. These documents form the most important methodological tools for the budgetary reform of CORFO. At present they are preliminary in nature, but will be refined during the formulation of the 1970 budget.

The budget is already being prepared and a working group has been set up which has organized its work in line with the various economic and social sectors, while technical personnel are working in the different substantive units to establish objectives and targets.

In addition, advisory services are continuing to be provided to the state of Minas Gerais on budgetary programming. The two missions sent continued to analyse and discuss the state's budget formulation manual, and organized courses which were attended by a total of 120 public officials.

6. Other activities

A mission visited Peru for a short period to co-operate with the Technical Department of the National Planning Institute in identifying Peru's technical assistance needs and in the preparation of a draft request to the Special Fund component of the United Nations Development Programme (UNDP). Assistance requirements in the short-, medium-, and long-term were analysed, together with ways and means of obtaining assistance during the current year while the request awaits approval. In addition, a draft was prepared to serve as a guide to Government authorities in formulating their request to the UNDP.

Internal work has also been undertaken by the Advisory Services Division, including the following: (i) Progress has been made in the formulation of a development strategy for Latin America on the basis of national strategies formulated with Institute participation. During the period covered by this report, work has mainly focused on the agricultural sector and on analysing the possibilities of rural employment; (ii) Work has proceeded on the revision of the manual on annual operational plans, in which experts from the ECLA Mexico and Rio de Janeiro Offices co-operated; (iii) A document was prepared summarizing the methodological aspects involved in the preparation of a long-term development strategy.

III. PROJECTS

1. Promotion and preparation of projects

In 1968 the Institute established preliminary contact with the Inter-American Development Bank (IDB), the Permanent Secretariat of the General Treaty for Central American Economic Integration (SIECA), the Central American Bank for Economic Integration (BCIE) and other agencies with a view to collaborating in the formulation of three integration projects in Central America (Gulf of Fonseca, Honduras Bay, and San Juan river basin). In the first stage of this work, an exploratory mission organized by IDB, in which the Institute took part, analysed the development possibilities of these three basins within the context of the Central American development and integration process, and prepared the terms of reference for a second stage. This second stage will be devoted to identifying specific projects and programmes as part of a multinational development scheme for each basin, carrying out a preliminary evaluation of the three basins, and laying the bases for the final stage of the established programme of work. At present, negotiations are going ahead between IDB and the Central American agencies in connexion with this programme, and pending their conclusion the Institute has collected information and exchanged correspondence with the other agencies concerned.

A mission visited Honduras to collaborate with the Executive Secretariat of the Higher Planning Council in that country in establishing a Projects Unit in its Planning Office.

A similar mission was sent to Peru to co-operate in reformulating the work programme of the Projects Unit of the National Planning Institute.

2. Project research

(i) Multinational integration projects

With the collaboration of an IDB adviser, the Institute worked on the preparation of a study entitled "Criterios para definir, identificar y evaluar proyectos multinacionales de infraestructura física de integración". The preliminary version of this document was completed and has been distributed by IDB for internal discussion.

(ii) Handbook for the formulation of projects for the integrated development of areas mainly devoted to agriculture

This study is being prepared on the basis of existing experience and that gained by ILPES itself in activities carried out in Ecuador, Paraguay and Venezuela. It is designed for the use of national and international agricultural planning and development agencies, and approximately three-quarters of the preliminary version has already been completed.

(iii) Preparation of a project handbook

During the period under review, work was completed on an annotated index for the Handbook for Project Designers, and on a brief explanation of its aims and characteristics. Each item of the index was discussed and some were reformulated; new points were added, and explanations were given for the inclusion of others which might seem out of place in a handbook or whose meaning or content was open to doubt. All this was dealt with in two documents which were drafted under the common title of "Handbook for Project Designers: A Practical Guide to Project Formulation", with the respective sub-titles of "Annotated Index" and "Summary Explanation of its Aims and Characteristics". These documents have been distributed to Institute and ECLA staff members for criticism and comments, and they have served as a basis for the continuing discussions with officials from IDB, which is collaborating in preparing the handbook. In these discussions, IDB and the Institute have exchanged views regarding the feasibility and usefulness of a project handbook, which would be comparable with engineering handbooks, and would meet not only IDB's requirements in its work of project evaluation but also the deficiencies and difficulties encountered

by those concerned with formulating projects in developing regions. A formula was agreed on with IDB for carrying out this work in two consecutive stages. In the first, the original idea of an operational guide would be carried out, and in the second stage a more detailed and comprehensive handbook would be prepared.

IV. RESEARCH AND GENERAL PLANNING

1. Analysis of factors of Latin American development policy within the framework of integration

The study entitled "Elementos para la elaboración de una política de desarrollo con integración para América Latina", which was drafted in 1968, has been revised and amplified in continuation of the work on this subject, and also with a view to its presentation at a seminar to be held at Mexico City in August 1969. In the course of ILPES' collaboration with semi-public and university bodies, it has contributed to the study which the Centre for Development Studies of the Universidad Central de Venezuela (CENDES) is carrying out on the definition of socio-cultural patterns in relation to economic development. The counterpart study on Argentina has also progressed, to the point at which a national image of integration has been created, while the methodology of the study on Chile has been revised and a new scheme of analysis constructed on the basis of which ILPES is now working.

2. Monetary-financial programming

In January a seminar was held with a group of experts on the basis of two documents on the subject which were prepared by ILPES. As a follow-up to the seminar, work has been done on a paper entitled "Discusiones sobre programación monetario-financiera"; so far an expanded outline has been prepared and some of the chapters have reached the final drafting stage. In addition, the most important statements made at the seminar and at its predecessor held in 1967 have been revised with an eye to publication.

3. Other activities

ILPES has collaborated with ECLA in preparing the document entitled "The Trade and Domestic Savings Gaps and Structural Unemployment in Latin America" (E/CN.12/831), which was presented at the thirteenth session of ECLA at Lima. Part of this paper was devoted to a review of the problem of structural unemployment in the light of the findings obtained by ILPES in its research on the subject.

V. ECONOMIC DEVELOPMENT RESEARCH

1. Preparation of a book on economic development

This book, on which the resources of the Division have been concentrated in the last few years, has been virtually concluded with the final revision of the text, and is now awaiting publication.

2. Bibliographical research

Following the publication in 1968 of a bibliography on the historical development of Latin America, work has been done on the preparation of an analytical bibliography (the former was purely descriptive) on this subject, with brief comments on the substance of each study. It is hoped to finish it by the end of the year.

3. Research in relation to teaching

During the past six months, all the teaching material used for the courses on Development and the World Economy, which form part of the Basic Training Course, was overhauled, together with the lecture notes. This work of revision has occupied the lion's share of the resources of the Economic Development Research Division during the period.

VI. SOCIAL DEVELOPMENT RESEARCH

1. Studies on social structures, values and attitudes in the modern sector (management and labour)

(i) Industrial entrepreneurs

Work proceeded on this research, the purpose of which is to analyse the structure of the management stratum and to determine the relationships between the performance and aims of entrepreneurs and the development process in Latin America. During the six months under review, two preliminary reports were completed on Brazil: "El empresario industrial en Brasil - Ideología de la industrialización" and "Desarrollo autónomo y los grupos empresariales". In addition, the Institute, in collaboration with the Organization for Economic Co-operation and Development (OECD) and El Colegio de México, initiated a study on Mexican entrepreneurs, based on a survey undertaken in four Mexican cities.

(ii) Labour sector and development

Work also continued on the study being carried out in this field, whose purpose is to establish the sociological relationship between this social stratum and the process of social change that is taking place in Latin America. A joint working group which was set up by virtue of an agreement with the Chilean Production Development Corporation (CORFO), analysed data on the Chilean industrial worker, which were obtained from a survey that was carried out in 1967 in co-operation with the Université de Paris. It is hoped that this study will be completed by the end of this year.

2. Research on children and youth in marginal areas

The purpose of this research in which UNICEF is co-operating is to determine the relationships between the social and economic structure of society and the family organization; it was initiated under a special agreement concluded in 1967.

Three studies were completed in the period covered by this report. The first, "La situación de la infancia y la juventud dentro del complejo económico y social de América Latina", was presented at the Special Meeting of the Executive Board of UNICEF, held at Santiago, Chile, in March; the second document, "Familia y juventud en El Salvador", was based on a survey undertaken at San Salvador in 1967; and the third, "Situación de trabajo de la mujer joven en el Perú", was completed in May.

VII. SECTORAL AND SPECIAL ACTIVITIES

1. Agricultural planning

Activities in this field centred on revising the "Agricultural Planning Manual", a study on which the Institute had been engaged for some time. The purpose of this revision was in some degree to rearrange the layout of the manual with a view to publishing it in five Institute Cuadernos. The first, whose content has been the subject of much internal discussion, is practically finished and deals with the importance of the agricultural sector in economic development and the agricultural problem in Latin America --which have been given a somewhat different slant from the traditional one-- and the general basic principles of a strategy for the agricultural sector.

2. Industrial planning

ILPES proceeded with the research on industrial employment initiated in 1968, whose purpose is to analyse the theoretical and empirical factors which must be determined in order to formulate employment policy in the manufacturing sector. This research is based on the assumption that it is possible, in the medium term, to establish employment policies fairly independently of long-term industrial development strategy. A preliminary study on the subject was completed and distributed for criticism and comments, and it is now being revised for publication.

3. Natural resources

(i) Research on saturated rural areas

The purpose of this research is to analyse the production possibilities of the land factor, its degree of utilization and its prospects in terms of rural employment. The potential employment that this resource can provide will be examined in the light of the application of alternative techniques, and the results will be compared, region by region, with existing agricultural employment. Field studies were carried out in the State of Minas Gerais in Brazil, the results of which are now being evaluated.

(ii) Research on land settlement experiences

The Institute, in co-operation with Resources for the Future, Inc., proceeded with this research which is aimed at analysing problems related to the cost and technical difficulties involved in incorporating new land, by means of a study of land settlement projects. During the period under review,

a number of field studies were undertaken and data were collected, which enabled the first part of a preliminary study entitled "Public Policy for New Land Development in the Humid Tropics of Latin America" to be completed. Twenty-two cases in which humid tropical land was developed, mainly through land settlement projects, will be evaluated in this study from the economic standpoint. The study should be completed in the third quarter of the year.

(iii) Co-operation with the Institute for Latin American Integration (INTAL)

This period marked the end of the Institute's co-operation with INTAL which had begun early in 1967. This was connected mainly with the studies on the Cuenca del Plata and with the Argentina-Chile programme for border integration. Besides contributing to these programmes, ILPES gained a fund of valuable experience in regional programming, development of river basins, and integration, which will be most useful in planning its future activities in connexion with natural resources.

4. Human resources

The Institute's main activities in this field have been to collaborate in revising the document entitled "Elementos para la elaboración de una política de desarrollo con integración para América Latina", which was mentioned before in the section on research and general planning. This revision covered the chapter on the unemployment situation in Latin America, and that on the integration of employment and development policies. As stated above, this document will be presented at a seminar to be held in Mexico in August.

The Institute also carried out various activities connected with training. It collaborated with the ILO in the courses held by that organization at Santiago, Concepción and Antofagasta (Chile), jointly with the Department of Labour and Social Security, and also in a course organized by the Inter-American Labour Administration (CIAT) in Peru.

VIII. PUBLICATIONS

Two new works in the Cuadernos series were published: El planeamiento de la educación and Metodología de evaluación de los recursos naturales, a third on basic statistics for programming was concluded and is now in press, and El marco histórico del proceso de desarrollo y subdesarrollo was re-edited. A book entitled Natural Resource Information for Economic Development, which presents a compilation of the findings of research work undertaken in 1965 and 1966, was published under the programme of collaboration with Resources for the Future, Inc., and ILPES will shortly be editing the Spanish version. In addition, UNCTAD has published a study analysing the external sector and its relation to economic development in Central America, which ILPES had prepared in 1967 and which UNCTAD had presented at its New Delhi Conference in 1968.

The ILPES Publications Committee, which is responsible for reviewing all studies for future publication, has been extremely busy during the past six months, determining the material available at the present time and making recommendations for publication. As regards the textbooks put out by the Institute, the material covers, among other topics, underdevelopment in Latin America and development theory, discussions on Latin American development, public sector planning, financial programming, natural resources, social accounting, annual operational plans, economic analysis, agricultural planning, and the external sector in relation to economic development in Central America. In the Cuadernos series, the subjects dealt with include the entrepreneurial sector, trade unionism, Treasury programming, industrial employment, human resources policy, theory of demand for goods, inflation, long-term national strategies, economic policy, health and development, and planning in Latin America.

However, the publication of these texts is necessarily a long-term venture which can only be put into effect as and when the necessary funds are available.